

## Message Text

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PAGE 01 CAIRO 01135 111920Z  
ACTION NEA-10

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TO SECSTATE WASHDC 4117  
INFO USDA FAS WASHDC

UNCLAS CAIRO 01135

FAS PASS OGSM KEN STEPHENS/CEP

E.O.: 11652:N/A  
TAGS: EAGR, BEXP, EAID  
SUBJECT: POTENTIAL FOR PROGRAM TO FINANCE MARKET  
DEVELOPMENT PROJECTS

REF: FASTO CIR 006

1. MISSION BELIEVES PROPOSED 10 YEAR CREDIT PROGRAM  
COULD CREATE SUBSTANTIAL MARKET OPPORTUNITIES IN EGYPT  
FOR U.S. COMMODITIES. HOWEVER WE HAVE QUESTIONS ABOUT  
PROGRAM AND APPARENT LINKAGE TO FINANCING ADDITIONAL  
GRAIN HANDLING FACILITIES IN VIEW OF AID/GOE SIZEABLE  
PROGRAM AND PLANS IN STORAGE AREA (PARA 3, 4, AND 5).

2. BECAUSE FOOD NEEDS ARE GREAT IN EGYPT AND  
FINANCIAL RESOURCES ARE LIMITED, WE BELIEVE THAT GOE  
WOULD REACT VERY FAVORABLY TOWARDS A 10 YEAR CREDIT  
PROGRAM WHICH COULD LEAD TO INCREASED EXPORTS OF U.S.  
FARM COMMODITIES. PROPOSED PROGRAM CONSISTENT WITH  
GOE NEED TO ARRANGE LONGER TERM CREDIT. HOWEVER,  
AGATTACHE HAS NOT CONTACTED GOE OFFICIALS REGARDING  
MARKET POTENTIALS PENDING MORE DETAILS.

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3. ALTHOUGH GOE MIGHT AGREE TO INVEST PROCEEDS IN  
GRAIN HANDLING FACILITIES IN ORDER TO GET 10 YEAR  
CREDIT, THERE IS QUESTION AS TO WHETHER ADDITIONAL  
FINANCING FOR FACILITIES IS NEEDED AT THIS TIME.  
IN 1975 AID MADE A \$42.3 MILLION DOLLAR LOAN TO  
HELP FINANCE TWO 100,000 MT GRAIN SILOS WHICH ARE

PLANNED TO BE IN OPERATION IN 1981. IN 1977 A 42 MILLION DOLLAR AID LOAN WAS MADE TO HELP FINANCE COMMODITY DISTRIBUTION FACILITIES, INCLUDING:

- A. TALLOW, OIL, AND FAT STORAGE
- B. TEMPORARY PIER BAGGING SYSTEM
- C. 50,000 MT GRAIN SILO
- D. CONVEYERS FOR BAGGED GRAIN
- E. GRAIN TESTING EQUIPMENT

4. LOCAL GOE COSTS FOR THE COMMODITY DISTRIBUTION FACILITIES IS LE 14.9 MILLION IN ADDITION TO THE AID LOAN OF \$42 MILLION. AN ADDITIONAL LE 29.8 MILLION WILL BE REQUIRED TO SUPPORT THE TWO 100,000 MT SILO PROJECT.

5. AID HAS PROGRAMMED \$25 MILLION FOR FY 78 FOR DISTRIBUTION FACILITIES AND \$20 MILLION FOR FY 1979.

6. IF GOE AND AID DESIRED TO DO SO, COULD PROCEEDS FROM THE PROPOSED CREDIT PROGRAM BE USED TO PAY THE GOE LOCAL COST COMPONENT (PARA 4) IN THE PRESENT AID/ GOE PROGRAM?

7. OTHER THAN GRAIN HANDLING FACILITIES, WHAT QUOTE OTHER SPECIFIC PROJECTS UNQUOTE (REFTEL) COULD BE UNCLASSIFIED

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FINANCED WITH PROCEEDS FROM PROPOSED PROGRAM? COULD EDIBLE OIL REFINING AND FLOUR MILLING FACILITIES BE FINANCED UNDER THE PROGRAM?

8. WE ASSUME THAT IMPORTS MADE UNDER THE PROPOSED CREDIT PROGRAM WOULD BE COUNTED TOWARDS EGYPT'S USUAL MARKETING REQUIREMENTS UNDER THE PL-480 TITLE 1 PROGRAM. IS THIS CORRECT?

9. WHAT SORT OF TERMS ARE CONTEMPLATED UNDER THE PROPOSED CREDIT PROGRAM.

10. IF OGSM CAN PROVIDE ADDITIONAL GUIDANCE ON QUESTIONS RAISED, AGATTACHE WILL BE ABLE TO CONTACT GOE OFFICIALS AND OBTAIN MORE REALISTIC ESTIMATES OF POTENTIAL MARKET OPPORTUNITIES.EILTS

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## Message Attributes

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